

CANON INC  
Form 6-K  
October 28, 2015

**FORM 6-K**

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

For the month of **.October**

**2015**

**CANON INC.**

(Translation of registrant's name into English)

30-2, Shimomaruko 3-Chome, Ohta-ku, Tokyo 146-8501, Japan

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F            Form 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No     

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CANON INC.**  
(Registrant)

Date . **October 28, 2015**

By /s/ Shinichi Aoyama  
(Signature)\*

Shinichi Aoyama  
Deputy Senior General Manager  
Group Management Center  
Canon Inc.

\*Print the name and title of the signing officer under his signature.

The following materials are included.

1. CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED SEPTEMBER 30, 2015

**CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND****THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

October 27, 2015

**CONSOLIDATED RESULTS FOR THE THIRD QUARTER**

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual		Change(%)		
	Three months ended	Three months ended			Three months ended
	September 30, 2015	September 30, 2014			September 30, 2015
les	¥ 925,782	¥ 872,208	+	6.1	\$ 7,714,850
ting profit	77,259	71,832	+	7.6	643,825
e before income taxes	73,961	80,164	-	7.7	616,342
come attributable					
to Canon Inc.	¥ 49,180	¥ 58,249	-	15.6	\$ 409,833
come attributable to Canon Inc. stockholders per share:					
	¥ 45.03	¥ 52.67	-	14.5	\$ 0.38
ed	45.03	52.67	-	14.5	0.38

**CONSOLIDATED RESULTS FOR THE NINE MONTHS**

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual		Change(%)			Projected	
	Nine months ended	Nine months ended			Nine months ended	Year ending	Change
	September 30, 2015	September 30, 2014			September 30, 2015	December 31, 2015	
les	¥ 2,757,633	¥ 2,667,316	+	3.4	\$ 22,980,275	¥ 3,820,000	+
ting profit	248,168	265,020	-	6.4	2,068,067	365,000	+
e before income taxes	238,477	276,330	-	13.7	1,987,308	355,000	-
come attributable							
to Canon Inc.	¥ 151,305	¥ 186,707	-	19.0	\$ 1,260,875	¥ 225,000	-
come attributable to Canon Inc. stockholders per share:							
	¥ 138.56	¥ 167.10	-	17.1	\$ 1.15	¥ 206.04	-
ed	138.55	167.10	-	17.1	1.15	-	-

	As of September 30, 2015	Actual As of December 31, 2014	Change(%)	As of September 30, 2015
assets	¥ 4,399,122	¥ 4,460,618	- 1.4	\$ 36,659,350
Inc. stockholders equity	¥ 2,903,342	¥ 2,978,184	- 2.5	\$ 24,194,517

- Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY120=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2015, solely for the convenience of the reader.

Canon Inc.  
Headquarter office

30-2, Shimomaruko 3-chome, Ohta-ku,  
Tokyo 146-8501, Japan  
Phone: +81-3-3758-2111

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## I. Operating Results and Financial Conditions

### 2015 Third Quarter in Review

Looking back at the global economy in the third quarter of 2015, the U.S. economy continued recovering smoothly as employment conditions steadily improved. As for Europe, Western European countries led a steady economic recovery. In contrast, China's economic slowdown grew more prominent while Southeast Asian countries also faced slowdowns owing to the further depreciation of local currencies. As for the Japanese economy, improvements were seen in corporate earnings and employment conditions also continued to recover. As a result, the global economy overall continued to realize moderate growth despite some weakness in China and Southeast Asia.

As for the markets in which Canon operates amid these conditions, sales of office multifunction devices (MFDs) and laser printers increased gradually thanks to strong demand for color models in developed countries, although demand for monochrome models declined due to the economic slowdown in China and Southeast Asia. As for cameras, demand for both interchangeable-lens digital cameras and digital compact cameras continued to decline compared with last year. Additionally, demand for inkjet printers also decreased slightly from the previous year due to sluggish market conditions in China and Southeast Asia, although demand for semiconductor lithography equipment increased, fueled by continued customer investment.

The average values of the yen during the third quarter and first nine months were ¥122.12 and ¥120.96 against the U.S. dollar, respectively, year-on-year depreciations of approximately ¥18 for both periods, and ¥135.93 and ¥134.74 against the euro, respectively, year-on-year appreciations of approximately ¥2 and ¥5.

During the third quarter, despite a gradual recovery in sales of interchangeable-lens digital cameras in Japan and Europe, severe conditions continued in other regions while sales volume for digital compact cameras decreased compared with the same period of the previous year. As for office MFDs and laser printers, although sales of color machines were strong, sales of monochrome models were sluggish. Looking at semiconductor lithography equipment and flat panel display (FPD) lithography equipment, unit sales for the quarter exceeded those for the same period of the previous year, supported by favorable market conditions. Consequently, benefitting from the boost provided by the acquisition of Axis and the positive effect of favorable currency exchange rates, third quarter net sales increased 6.1% year on year to ¥925.8 billion. Net sales for the nine months ended September 30, 2015 totaled ¥2,757.6 billion, a year-on-year increase of 3.4%. The gross profit ratio for the third quarter rose 1.2 points year on year to 50.7% thanks to ongoing cost-cutting activities and highly profitable new products, and the gross profit ratio for the first nine months also increased by 0.7 points to 51.2%, remaining at a high level. Operating expenses increased 9.0% year on year to ¥392.0 billion owing to such factors as the increase in foreign-currency-denominated operating expenses after conversion into yen due to the depreciation of the yen, along with the impact of the acquisition of Axis and an increase in R&D expenses related to new products. As a result, third-quarter operating profit increased by 7.6% to ¥77.3 billion. Other income (deductions) decreased by ¥11.6 billion due to foreign currency exchange losses, leading to a year-on-year decline in income before income taxes of 7.7% to ¥74.0 billion, and a decrease in net income attributable to Canon Inc. of 15.6% to ¥49.2 billion. Operating profit for the first nine months of the year decreased by 6.4% to ¥248.2 billion while income before income tax decreased by 13.7% to ¥238.5 billion, and net income attributable to Canon Inc. for the first nine months decreased by 19.0% to ¥151.3 billion.

Basic net income attributable to Canon Inc. shareholders per share for the third quarter was ¥45.03, a decrease of ¥7.64 compared with the corresponding quarter of the previous year, and ¥138.56 for the first nine months of 2015, a year-on-year decrease of ¥28.54.

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## Results by Segment

Looking at Canon's third-quarter performance by business unit, within the Office Business Unit, as for office MFDs, despite strong sales around the world of new small-office/home-office color A3 (12 x18 ) imageRUNNER ADVANCE C3300-series models, which feature high image quality, user-friendliness and robust productivity, and the color A4 (letter and legal-sized) imageRUNNER ADVANCE C350/C250 lineup, total sales volume decreased, mainly due to weak sales of monochrome models in the Asian market. Among high-speed continuous-feed printers and wide-format printers, the new Océ-produced VarioPrint i300, Canon's first high-speed sheet-fed color inkjet press, gained favorable reviews. As for laser printers, although total sales volume declined due to weak sales of monochrome models, sales of color machines increased compared with the same period of last year while sales of consumables enjoyed solid growth supported by demand in developed countries. As a result, coupled with the positive effect of favorable currency exchange rates, sales for the business unit totaled ¥510.7 billion, a year-on-year increase of 5.9%, while operating profit totaled ¥67.2 billion, a year-on-year increase of 16.2%. Sales for the combined first nine months of the year totaled ¥1,576.8 billion, growing 4.2% year on year, while operating profit totaled ¥218.3 billion, dipping 0.1% year on year.

Within the Imaging System Business Unit, although total sales volume of interchangeable-lens digital cameras declined due to market shrinkage, sales of interchangeable-lens digital cameras increased from the same period of the previous year in Japan and Europe owing to healthy demand for such new models as the EOS 5DS, EOS 5DS R, EOS Rebel T6i/EOS 750D, EOS Rebel T6s/EOS 760D and EOS M3. As for digital compact cameras, while sales volume declined amid the ongoing contraction of the market due to the effects of the growing popularity of smartphones, profitability improved thanks to the growing ratio of high-added-value models featuring high image quality and high-magnification zoom capabilities, such as the new PowerShot SX710 HS and PowerShot G3 X. As for inkjet printers, although printer unit sales volume declined from the same period of the previous year owing to the sluggish market in Southeast Asia, sales increased slightly thanks to strong sales of consumables. As a result, sales for the business unit decreased by 4.2% to ¥302.5 billion, while operating profit totaled ¥41.7 billion, a decline of 3.8%. Sales for the combined first nine months of the year totaled ¥897.7 billion, a year-on-year decrease of 4.6%, while operating profit totaled ¥121.3 billion, declining 11.0% year on year.

In the Industry and Others Business Unit, within the semiconductor lithography equipment segment, ongoing strong investment by manufacturers led to healthy sales of lithography systems for memory devices, image sensors and power semiconductor devices. The FPD lithography equipment market also enjoyed strong demand. As a result, unit sales of semiconductor lithography equipment and FPD lithography equipment for the quarter significantly exceeded those for the same period of the previous year. Consequently, along with the impact of the acquisition of Axis, which was consolidated in the second quarter, sales for the business unit increased 43.1% year on year to ¥138.8 billion while operating profit increased by ¥5.6 billion to ¥0.6 billion. Sales for the combined first nine months of the year totaled ¥358.4 billion, a year-on-year increase of 27.1%, while the operating loss totaled ¥10.3 billion owing to upfront investment into next-generation technologies.

## Cash Flow

During the first nine months of 2015, cash flow from operating activities totaled ¥330.8 billion, declining ¥67.7 billion compared with the same period of the previous year due to the decrease in profit along with an increase in inventory. Cash flow from investing activities increased ¥133.1 billion year on year to ¥364.5 billion, mainly due to the payment for the acquisition of Axis. Accordingly, free cash flow totaled negative ¥33.7 billion, a decrease of ¥200.8 billion compared with the corresponding year-ago period.

Cash flow from financing activities recorded an outlay of ¥210.0 billion, mainly arising from the dividend payout.

Owing to these factors, as well as the negative impact of foreign currency translation adjustments, cash and cash equivalents decreased by ¥263.3 billion to ¥581.2 billion from the end of the previous year.

## Outlook

As for the outlook in the fourth quarter, the pace of recovery in the U.S. is expected to grow stronger as employment conditions improve, while projections for the European economy point to a gradual recovery, mainly in such Western European countries as the U.K. and Germany, despite the uncertainty surrounding Russia and other developing countries in the region. With regard to the Japanese economy, the outlook indicates a gradual recovery trend, although one lacking in strength. Conversely, within the Asian economy, beginning with China, the slowdown has been growing more pronounced with a quick recovery becoming increasingly unlikely. Overall, however, the global economy is expected to move toward a modest recovery led by the U.S. and Europe.

In the businesses in which Canon is involved, although demand for office MFDs and laser printers is expected to continue to grow in developed countries, sales in China and Southeast Asia will likely face prolonged stagnation. As for interchangeable-lens digital cameras, despite the strong recovery in Japan, the U.S. and Western Europe, the market is expected to shrink due to the deterioration of the economies in the Asian region and other factors. While the digital compact camera market is also expected to shrink, demand for high-added-value models featuring high image quality and high-magnification zoom capabilities is expected to grow steadily. Looking at inkjet printers, sales are forecast to decline slightly year on year due to weak market conditions in Asian countries. Within the industrial equipment market, the outlook calls for an increase in demand for semiconductor lithography equipment compared with the previous year as manufacturers are expected to boost capital outlays, as well as increased demand for FPD lithography equipment as device manufacturers boost capital investment for larger-size LCD panels offering higher levels of resolution.

With regard to currency exchange rates for the fourth quarter, on which the Company's performance outlook is based, Canon anticipates exchange rates of ¥120 to the U.S. dollar and ¥135 to the euro, representing a depreciation of approximately ¥15 against the U.S. dollar and an appreciation of approximately ¥6 against the euro compared with the annual average rates of the previous year.

Upon taking into consideration the sudden economic slowdown in China and elsewhere across Asia as well as other developing countries, along with the negative impact on sales and gross profit due to a revised foreign exchange rate assumption, Canon projects full-year consolidated net sales in 2015 of ¥3,820.0 billion, a year-on-year increase of 2.5%; operating profit of ¥365.0 billion, a year-on-year increase of 0.4%; income before income taxes of ¥355.0 billion, a year-on-year decrease of 7.4%; and net income attributable to Canon Inc. of ¥225.0 billion, a year-on-year decrease of 11.7%.

## Consolidated Outlook

Fiscal year	Millions of yen				
	Year ending			Year ended	
	December 31, 2015 Previous Outlook (A)	Revised Outlook (B)	Change (B - A)	December 31, 2014 Results (C)	Change (%) (B - C) / C
Net sales	¥ 3,930,000	¥ 3,820,000	¥ (110,000)	¥ 3,727,252	+2.5%
Operating profit	380,000	365,000	(15,000)	363,489	+0.4%
Income before income taxes	380,000	355,000	(25,000)	383,239	-7.4%
Net income attributable to Canon Inc.	¥ 245,000	¥ 225,000	¥ (20,000)	¥ 254,797	-11.7%





This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as anticipate, believe, estimate, expect, intend, may, or should and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

**II. Financial Statements****1. CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2015	Millions of yen As of December 31, 2014	Change
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	¥ 581,247	¥ 844,580	¥ (263,333)
Short-term investments	15,651	71,863	(56,212)
Trade receivables, net	521,447	625,675	(104,228)
Inventories	595,071	528,167	66,904
Prepaid expenses and other current assets	331,933	321,648	10,285
Total current assets	2,045,349	2,391,933	(346,584)
Noncurrent receivables	29,607	29,785	(178)
Investments	63,832	65,176	(1,344)
Property, plant and equipment, net	1,232,026	1,269,529	(37,503)
Intangible assets, net	231,171	177,288	53,883
Goodwill	476,298	211,336	264,962
Other assets	320,839	315,571	5,268
Total assets	¥ 4,399,122	¥ 4,460,618	¥ (61,496)
<b>LIABILITIES AND EQUITY</b>			
Current liabilities:			
Short-term loans and current portion of long-term debt	¥ 744	¥ 1,018	¥ (274)
Trade payables	304,624	310,214	(5,590)
Accrued income taxes	34,451	57,212	(22,761)
Accrued expenses	340,840	345,237	(4,397)
Other current liabilities	190,562	207,698	(17,136)
Total current liabilities	871,221	921,379	(50,158)
Long-term debt, excluding current installments	971	1,148	(177)
Accrued pension and severance cost	280,971	280,928	43
Other noncurrent liabilities	127,965	116,405	11,560
Total liabilities	1,281,128	1,319,860	(38,732)

## Equity:

Canon Inc. shareholders' equity:			
Common stock	<b>174,762</b>	174,762	-
Additional paid-in capital	<b>400,666</b>	401,563	(897)
Legal reserve	<b>65,263</b>	64,599	664
Retained earnings	<b>3,296,973</b>	3,320,392	(23,419)
Accumulated other comprehensive income (loss)	<b>(23,920)</b>	28,286	(52,206)
Treasury stock, at cost	<b>(1,010,402)</b>	(1,011,418)	1,016
Total Canon Inc. shareholders' equity	<b>2,903,342</b>	2,978,184	(74,842)
Noncontrolling interests	<b>214,652</b>	162,574	52,078
Total equity	<b>3,117,994</b>	3,140,758	(22,764)
Total liabilities and equity	<b>¥ 4,399,122</b>	¥ 4,460,618	¥ (61,496)

Millions of yen

As of September 30, 2015      As of December 31, 2014

## Notes:

1. Allowance for doubtful receivables	<b>¥ 11,735</b>	¥ 12,122
2. Accumulated depreciation	<b>2,565,650</b>	2,519,259
3. Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	<b>91,623</b>	144,557
Net unrealized gains and losses on securities	<b>11,416</b>	12,546
Net gains and losses on derivative instruments	<b>247</b>	(2,603)
Pension liability adjustments	<b>(127,206)</b>	(126,214)

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

2. CONSOLIDATED STATEMENTS OF INCOME ANDCONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**Consolidated statements of income****Results for the third quarter**

	Millions of yen		
	Three months ended	Three months ended	Change(%)
	September 30, 2015	September 30, 2014	
Net sales	¥ 925,782	¥ 872,208	+ 6.1
Cost of sales	456,563	440,742	
Gross profit	469,219	431,466	+ 8.7
Operating expenses:			
Selling, general and administrative expenses	309,687	284,507	
Research and development expenses	82,273	75,127	
	391,960	359,634	
Operating profit	77,259	71,832	+ 7.6
Other income (deductions):			
Interest and dividend income	1,032	1,832	
Interest expense	(150)	(126)	
Other, net	(4,180)	6,626	
	(3,298)	8,332	
Income before income taxes	73,961	80,164	- 7.7
Income taxes	21,661	20,226	
Consolidated net income	52,300	59,938	
Less: Net income attributable to noncontrolling interests	3,120	1,689	
Net income attributable to Canon Inc.	¥ 49,180	¥ 58,249	- 15.6

**Results for the nine months**

	Millions of yen		
	Nine months ended	Nine months ended	Change(%)
	September	September 30,	

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	<b>30, 2015</b>		2014		
Net sales	<b>¥2,757,633</b>	¥	2,667,316	+	3.4
Cost of sales	<b>1,346,057</b>		1,320,858		
Gross profit	<b>1,411,576</b>		1,346,458	+	4.8
Operating expenses:					
Selling, general and administrative expenses	<b>918,203</b>		854,606		
Research and development expenses	<b>245,205</b>		226,832		
	<b>1,163,408</b>		1,081,438		
Operating profit	<b>248,168</b>		265,020	-	6.4
Other income (deductions):					
Interest and dividend income	<b>4,305</b>		5,749		
Interest expense	<b>(511)</b>		(360)		
Other, net	<b>(13,485)</b>		5,921		
	<b>(9,691)</b>		11,310		
Income before income taxes	<b>238,477</b>		276,330	-	13.7
Income taxes	<b>80,445</b>		83,406		
Consolidated net income	<b>158,032</b>		192,924		
Less: Net income attributable to noncontrolling interests	<b>6,727</b>		6,217		
Net income attributable to Canon Inc.	<b>¥ 151,305</b>	¥	186,707	-	19.0

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

**Consolidated statements of comprehensive income****Results for the third quarter**

	Millions of yen		
	Three months ended September 30, 2015	Three months ended September 30, 2014	Change(%)
Consolidated net income	¥ 52,300	¥ 59,938	- 12.7
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(67,638)	76,251	
Net unrealized gains and losses on securities	(5,356)	2,033	
Net gains and losses on derivative instruments	1,625	(1,643)	
Pension liability adjustments	(356)	(581)	
	(71,725)	76,060	
Comprehensive income (loss)	(19,425)	135,998	-
Less: Comprehensive income attributable to noncontrolling interests	597	2,297	
Comprehensive income (loss) attributable to Canon Inc.	¥ (20,022)	¥ 133,701	-

**Results for the nine months**

	Millions of yen		
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Change(%)
Consolidated net income	¥ 158,032	¥ 192,924	- 18.1
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(51,520)	23,261	
Net unrealized gains and losses on securities	(769)	645	
Net gains and losses on derivative instruments	2,850	1,374	
Pension liability adjustments	(1,014)	12,780	
	(50,453)	38,060	
Comprehensive income	107,579	230,984	- 53.4
Less: Comprehensive income attributable to noncontrolling interests	8,553	6,539	
Comprehensive income attributable to Canon Inc.	¥ 99,026	¥ 224,445	- 55.9





## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

3. DETAILS OF SALESResults for the third quarter

Sales by business unit	Millions of yen		Change(%)
	Three months ended September 30, 2015	Three months ended September 30, 2014	
Office	¥ 510,724	¥ 482,250	+ 5.9
Imaging System	302,460	315,833	- 4.2
Industry and Others	138,770	96,983	+ 43.1
Eliminations	(26,172)	(22,858)	-
Total	¥ 925,782	¥ 872,208	+ 6.1

Sales by region	Millions of yen		Change(%)
	Three months ended September 30, 2015	Three months ended September 30, 2014	
Japan	¥ 169,863	¥ 160,296	+ 6.0
Overseas:			
Americas	291,027	244,944	+ 18.8
Europe	250,483	243,850	+ 2.7
Asia and Oceania	214,409	223,118	- 3.9
	755,919	711,912	+ 6.2
Total	¥ 925,782	¥ 872,208	+ 6.1

Results for the nine months

Sales by business unit	Millions of yen		Change(%)
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	
Office	¥ 1,576,809	¥ 1,513,919	+ 4.2
Imaging System	897,652	941,029	- 4.6
Industry and Others	358,440	282,070	+ 27.1

Eliminations	(75,268)	(69,702)	-
Total	¥ 2,757,633	¥ 2,667,316	+ 3.4

Sales by region	Millions of yen		Change(%)
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	
Japan	¥ 510,543	¥ 516,563	- 1.2
Overseas:			
Americas	832,826	726,645	+ 14.6
Europe	773,639	778,109	- 0.6
Asia and Oceania	640,625	645,999	- 0.8
	2,247,090	2,150,753	+ 4.5
Total	¥ 2,757,633	¥ 2,667,316	+ 3.4

Notes: 1. The primary products included in each of the segments are as follows:

Office Business Unit :

Office multifunction devices (MFDs) / Laser multifunction printers (MFPs) / Laser printers / Digital production printing systems / High speed continuous feed printers / Wide-format printers / Document solutions

Imaging System Business Unit :

Interchangeable lens digital cameras / Digital compact cameras / Digital camcorders / Digital cinema cameras / Interchangeable lenses / Compact photo printers / Inkjet printers / Large-format inkjet printers / Commercial photo printers / Image scanners / Multimedia projectors / Broadcast equipment / Calculators

Industry and Others Business Unit :

Semiconductor lithography equipment / FPD (Flat panel display) lithography equipment / Digital radiography systems / Ophthalmic equipment / Vacuum thin-film deposition equipment / Organic LED (OLED) panel manufacturing equipment / Die bonders / Micromotors / Network cameras / Handy terminals / Document scanners

2. The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America

Europe: United Kingdom, Germany, France, Netherlands, European countries, Middle East and Africa

Asia and Oceania: China, Asian countries, Australia

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen	
	Nine months ended	September 30,
	September 30, 2015	2014
Cash flows from operating activities:		
Consolidated net income	¥ 158,032	¥ 192,924
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	201,475	190,089
Loss on disposal of fixed assets	4,582	7,936
Deferred income taxes	(6,510)	(2,802)
Decrease in trade receivables	92,140	76,748
Increase in inventories	(76,601)	(14,179)
Increase in trade payables	9,980	3,196
Decrease in accrued income taxes	(21,868)	(10,722)
Decrease in accrued expenses	(3,854)	(120)
Increase (decrease) in accrued (prepaid) pension and severance cost	5,224	(6,618)
Other, net	(31,768)	(37,902)
Net cash provided by operating activities	330,832	398,550
Cash flows from investing activities:		
Purchases of fixed assets	(175,268)	(160,629)
Proceeds from sale of fixed assets	2,464	3,096
Purchases of available-for-sale securities	(98)	(266)
Proceeds from sale and maturity of available-for-sale securities	183	2,572
(Increase) decrease in time deposits, net	53,052	(33,542)
Acquisitions of subsidiaries, net of cash acquired	(241,386)	(53,285)
Purchases of other investments	(1,103)	-
Other, net	(2,309)	10,664
Net cash used in investing activities	(364,465)	(231,390)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	557	848
Repayments of long-term debt	(997)	(1,430)
Increase (decrease) in short-term loans, net	18	(50)
Dividends paid	(174,711)	(145,790)
Repurchases of treasury stock, net	799	(100,000)
Other, net	(35,624)	(4,279)
Net cash used in financing activities	(209,958)	(250,701)
Effect of exchange rate changes on cash and cash equivalents	(19,742)	1,958

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Net change in cash and cash equivalents	<b>(263,333)</b>		(81,583)
Cash and cash equivalents at beginning of period	<b>844,580</b>		788,909
Cash and cash equivalents at end of period	<b>¥ 581,247</b>	¥	707,326

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## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

5. NOTE FOR GOING CONCERN ASSUMPTION

Not applicable.

6. SEGMENT INFORMATION

## (1) SEGMENT INFORMATION BY BUSINESS UNIT

Results for the third quarter	Millions of yen				
	Three months ended September 30, 2015		Three months ended September 30, 2014		Change(%)
<b>Office</b>					
Net sales:					
External customers	¥	510,099	¥	481,621	+ 5.9
Intersegment		625		629	- 0.6
Total		510,724		482,250	+ 5.9
Operating cost and expenses		443,480		424,358	+ 4.5
Operating profit	¥	67,244	¥	57,892	+ 16.2
<b>Imaging System</b>					
Net sales:					
External customers	¥	302,166	¥	315,658	- 4.3
Intersegment		294		175	+ 68.0
Total		302,460		315,833	- 4.2
Operating cost and expenses		260,754		272,487	- 4.3
Operating profit	¥	41,706	¥	43,346	- 3.8
<b>Industry and Others</b>					
Net sales:					
External customers	¥	113,517	¥	74,929	+ 51.5
Intersegment		25,253		22,054	+ 14.5

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Total		<b>138,770</b>		96,983	+	43.1
Operating cost and expenses		<b>138,149</b>		101,935	+	35.5
Operating profit	¥	<b>621</b>	¥	(4,952)	-	
<b>Corporate and Eliminations</b>						
Net sales:						
External customers	¥	-	¥	-		-
Intersegment		<b>(26,172)</b>		(22,858)		-
Total		<b>(26,172)</b>		(22,858)		-
Operating cost and expenses		<b>6,140</b>		1,596		-
Operating profit	¥	<b>(32,312)</b>	¥	(24,454)		-
<b>Consolidated</b>						
Net sales:						
External customers	¥	<b>925,782</b>	¥	872,208	+	6.1
Intersegment	-		-		-	
Total		<b>925,782</b>		872,208	+	6.1
Operating cost and expenses		<b>848,523</b>		800,376	+	6.0
Operating profit	¥	<b>77,259</b>	¥	71,832	+	7.6

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

**Results for the nine months**

Millions of yen

	<b>Nine months ended September 30, 2015</b>		Nine months ended September 30, 2014		Change(%)	
<b>Office</b>						
Net sales:						
External customers	¥	<b>1,574,880</b>	¥	1,511,439	+	4.2
Intersegment		<b>1,929</b>		2,480	-	22.2
Total		<b>1,576,809</b>		1,513,919	+	4.2
Operating cost and expenses		<b>1,358,466</b>		1,295,451	+	4.9
Operating profit	¥	<b>218,343</b>	¥	218,468	-	0.1
<b>Imaging System</b>						
Net sales:						
External customers	¥	<b>896,723</b>	¥	940,543	-	4.7
Intersegment		<b>929</b>		486	+	91.2
Total		<b>897,652</b>		941,029	-	4.6
Operating cost and expenses		<b>776,339</b>		804,695	-	3.5
Operating profit	¥	<b>121,313</b>	¥	136,334	-	11.0
<b>Industry and Others</b>						
Net sales:						
External customers	¥	<b>286,030</b>	¥	215,334	+	32.8
Intersegment		<b>72,410</b>		66,736	+	8.5
Total		<b>358,440</b>		282,070	+	27.1
Operating cost and expenses		<b>368,735</b>		297,130	+	24.1
Operating profit	¥	<b>(10,295)</b>	¥	(15,060)	-	-

**Corporate and  
Eliminations**

Net sales:

External customers	¥	-	¥	-	-
Intersegment		(75,268)		(69,702)	-
Total		(75,268)		(69,702)	-
Operating cost and expenses		5,925		5,020	-
Operating profit	¥	(81,193)	¥	(74,722)	-

**Consolidated**

Net sales:

External customers	¥	2,757,633	¥	2,667,316	+	3.4
Intersegment		-		-		-
Total		2,757,633		2,667,316	+	3.4
Operating cost and expenses		2,509,465		2,402,296	+	4.5
Operating profit	¥	248,168	¥	265,020	-	6.4



## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

## (2) SEGMENT INFORMATION BY GEOGRAPHIC AREA

<b><u>Results for the third quarter</u></b>	Millions of yen			
	<b>Three months ended</b>		<b>Three months ended</b>	
	<b>September 30,</b>		<b>September 30, 2014</b>	<b>Change(%)</b>
	<b>2015</b>			
<b>Japan</b>				
Net sales:				
External customers	¥ 201,379	¥	183,294	+ 9.9
Intersegment	469,343		442,120	+ 6.2
Total	670,722		625,414	+ 7.2
Operating cost and expenses	572,295		561,124	+ 2.0
Operating profit	¥ 98,427	¥	64,290	+ 53.1
<b>Americas</b>				
Net sales:				
External customers	¥ 288,935	¥	244,427	+ 18.2
Intersegment	4,796		2,696	+ 77.9
Total	293,731		247,123	+ 18.9
Operating cost and expenses	291,579		240,467	+ 21.3
Operating profit	¥ 2,152	¥	6,656	- 67.7
<b>Europe</b>				
Net sales:				
External customers	¥ 251,115	¥	243,446	+ 3.2
Intersegment	39,254		14,909	+ 163.3
Total	290,369		258,355	+ 12.4
Operating cost and expenses	283,710		260,574	+ 8.9
Operating profit	¥ 6,659	¥	(2,219)	-
<b>Asia and Oceania</b>				
Net sales:				

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External customers	¥	<b>184,353</b>	¥	201,041	-	8.3
Intersegment		<b>253,143</b>		213,361	+	18.6
Total		<b>437,496</b>		414,402	+	5.6
Operating cost and expenses		<b>419,448</b>		391,324	+	7.2
Operating profit	¥	<b>18,048</b>	¥	23,078	-	21.8
<b>Corporate and Eliminations</b>						
Net sales:						
External customers	¥	-	¥	-	-	-
Intersegment		<b>(766,536)</b>		(673,086)		-
Total		<b>(766,536)</b>		(673,086)		-
Operating cost and expenses		<b>(718,509)</b>		(653,113)		-
Operating profit	¥	<b>(48,027)</b>	¥	(19,973)		-
<b>Consolidated</b>						
Net sales:						
External customers	¥	<b>925,782</b>	¥	872,208	+	6.1
Intersegment		-		-		-
Total		<b>925,782</b>		872,208	+	6.1
Operating cost and expenses		<b>848,523</b>		800,376	+	6.0
Operating profit	¥	<b>77,259</b>	¥	71,832	+	7.6

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

<b><u>Results for the nine months</u></b>	Millions of yen		Change(%)
	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014	
<b>Japan</b>			
Net sales:			
External customers	¥ 593,040	¥ 604,488	- 1.9
Intersegment	1,353,903	1,279,697	+ 5.8
Total	1,946,943	1,884,185	+ 3.3
Operating cost and expenses	1,700,963	1,631,827	+ 4.2
Operating profit	¥ 245,980	¥ 252,358	- 2.5
<b>Americas</b>			
Net sales:			
External customers	¥ 828,364	¥ 725,261	+ 14.2
Intersegment	15,352	5,197	+ 195.4
Total	843,716	730,458	+ 15.5
Operating cost and expenses	824,932	715,006	+ 15.4
Operating profit	¥ 18,784	¥ 15,452	+ 21.6
<b>Europe</b>			
Net sales:			
External customers	¥ 775,443	¥ 777,023	- 0.2
Intersegment	77,806	40,902	+ 90.2
Total	853,249	817,925	+ 4.3
Operating cost and expenses	840,260	814,744	+ 3.1
Operating profit	¥ 12,989	¥ 3,181	+ 308.3
<b>Asia and Oceania</b>			
Net sales:			
External customers	¥ 560,786	¥ 560,544	+ 0.0
Intersegment	712,799	601,283	+ 18.5
Total	1,273,585	1,161,827	+ 9.6

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Operating cost and expenses		<b>1,216,481</b>		1,105,807	+	10.0
Operating profit	¥	<b>57,104</b>	¥	56,020	+	1.9
Corporate and Eliminations						
Net sales:						
External customers	¥	-	¥	-	-	-
Intersegment		<b>(2,159,860)</b>		(1,927,079)		-
Total		<b>(2,159,860)</b>		(1,927,079)		-
Operating cost and expenses		<b>(2,073,171)</b>		(1,865,088)		-
Operating profit	¥	<b>(86,689)</b>	¥	(61,991)		-
Consolidated						
Net sales:						
External customers	¥	<b>2,757,633</b>	¥	2,667,316	+	3.4
Intersegment		-		-		-
Total		<b>2,757,633</b>		2,667,316	+	3.4
Operating cost and expenses		<b>2,509,465</b>		2,402,296	+	4.5
Operating profit	¥	<b>248,168</b>	¥	265,020	-	6.4

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

7. SIGNIFICANT CHANGES IN CANON INC. SHAREHOLDERS' EQUITY

None.

8. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

## (1) GROUP POSITION

## 1. Number of Group Companies

	September 30, 2015	December 31, 2014	Change
Subsidiaries	304	261	43
Affiliates	5	7	(2)
Total	309	268	41

## 2. Change in Group Entities

Subsidiaries	
Addition:	47 companies
Removal:	4 companies
Affiliates (Carried at Equity Basis)	
Removal:	2 companies

## 3. Subsidiaries Listed on Domestic Stock Exchange

Tokyo Stock Exchange (1st section): Canon Marketing Japan Inc., Canon Electronics Inc.

## (2) SIGNIFICANT ACCOUNTING POLICIES

Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.

## CONSOLIDATED RESULTS FOR THE THIRD QUARTER

AND NINE MONTHS ENDED SEPTEMBER 30, 2015

## SUPPLEMENTARY REPORT

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This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as anticipate, believe, estimate, expect, intend, may, plan, project or should and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. A detailed description of these and other risk factors is included in Canon's annual report on Form

20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.

**1. SALES BY GEOGRAPHIC AREA AND BUSINESS UNIT**

(Millions of yen)

	2015			2014			Change year over year		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year	3rd quarter	YTD	Year
<b>Japan</b>									
Office	88,719	280,473	-	86,568	283,258	380,594	+2.5%	-1.0%	-
Imaging									
System	45,045	131,781	-	43,210	136,466	207,281	+4.2%	-3.4%	-
Industry and									
Others	36,099	98,289	-	30,518	96,839	136,442	+18.3%	+1.5%	-
Total	169,863	510,543	728,400	160,296	516,563	724,317	+6.0%	-1.2%	+0.6%
<b>Overseas</b>									
Office	421,380	1,294,407	-	395,053	1,228,181	1,695,194	+6.7%	+5.4%	-
Imaging									
System	257,121	764,942	-	272,448	804,077	1,135,220	-5.6%	-4.9%	-
Industry and									
Others	77,418	187,741	-	44,411	118,495	172,521	+74.3%	+58.4%	-
Total	755,919	2,247,090	3,091,600	711,912	2,150,753	3,002,935	+6.2%	+4.5%	+3.0%
<b>Americas</b>									
Office	185,315	537,274	-	160,979	472,967	656,783	+15.1%	+13.6%	-
Imaging									
System	80,608	242,077	-	76,181	232,551	345,707	+5.8%	+4.1%	-
Industry and									
Others	25,104	53,475	-	7,784	21,127	34,010	+222.5%	+153.1%	-
Total	291,027	832,826	1,152,300	244,944	726,645	1,036,500	+18.8%	+14.6%	+11.2%
<b>Europe</b>									
Office	151,415	494,996	-	153,735	497,702	689,275	-1.5%	-0.5%	-
Imaging									
System	82,645	239,719	-	81,462	257,610	367,050	+1.5%	-6.9%	-
Industry and									
Others	16,423	38,924	-	8,653	22,797	34,159	+89.8%	+70.7%	-
Total	250,483	773,639	1,070,200	243,850	778,109	1,090,484	+2.7%	-0.6%	-1.9%
<b>Asia and Oceania</b>									
Office	84,650	262,137	-	80,339	257,512	349,136	+5.4%	+1.8%	-
Imaging									
System	93,868	283,146	-	114,805	313,916	422,463	-18.2%	-9.8%	-
Industry and									
Others	35,891	95,342	-	27,974	74,571	104,352	+28.3%	+27.9%	-
Total	214,409	640,625	869,100	223,118	645,999	875,951	-3.9%	-0.8%	-0.8%
<b>Intersegment</b>									
Office	625	1,929	-	629	2,480	2,944	-0.6%	-22.2%	-
Imaging									
System	294	929	-	175	486	693	+68.0%	+91.2%	-
Industry and									
Others	25,253	72,410	-	22,054	66,736	89,802	+14.5%	+8.5%	-
Eliminations	(26,172)	(75,268)	-	(22,858)	(69,702)	(93,439)	-	-	-



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Total	0	0	0	0	0	0	-	-	-
<b>Total</b>									
Office	510,724	1,576,809	2,126,800	482,250	1,513,919	2,078,732	+5.9%	+4.2%	+2.3%
Imaging									
System	302,460	897,652	1,255,500	315,833	941,029	1,343,194	-4.2%	-4.6%	-6.5%
Industry and									
Others	138,770	358,440	538,200	96,983	282,070	398,765	+43.1%	+27.1%	+35.0%
Eliminations	(26,172)	(75,268)	(100,500)	(22,858)	(69,702)	(93,439)	-	-	-
Total	925,782	2,757,633	3,820,000	872,208	2,667,316	3,727,252	+6.1%	+3.4%	+2.5%

(P)=Projection

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Canon Inc.

**2. SEGMENT INFORMATION BY BUSINESS UNIT**

	2015			2014			(Millions of yen) Change year over year		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year	3rd quarter	YTD	Year
<b>Office</b>									
External customers	510,099	1,574,880	2,124,500	481,621	1,511,439	2,075,788	+5.9%	+4.2%	+2.3%
Intersegment	625	1,929	2,300	629	2,480	2,944	-0.6%	-22.2%	-21.9%
Total sales	510,724	1,576,809	2,126,800	482,250	1,513,919	2,078,732	+5.9%	+4.2%	+2.3%
Operating profit	67,244	218,343	295,400	57,892	218,468	292,057	+16.2%	-0.1%	+1.1%
% of sales	13.2%	13.8%	13.9%	12.0%	14.4%	14.0%	-	-	-
<b>Imaging system</b>									
External customers	302,166	896,723	1,254,300	315,658	940,543	1,342,501	-4.3%	-4.7%	-6.6%
Intersegment	294	929	1,200	175	486	693	+68.0%	+91.2%	+73.2%
Total sales	302,460	897,652	1,255,500	315,833	941,029	1,343,194	-4.2%	-4.6%	-6.5%
Operating profit	41,706	121,313	188,500	43,346	136,334	194,601	-3.8%	-11.0%	-3.1%
% of sales	13.8%	13.5%	15.0%	13.7%	14.5%	14.5%	-	-	-
<b>Industry and Others</b>									
External customers	113,517	286,030	441,200	74,929	215,334	308,963	+51.5%	+32.8%	+42.8%
Intersegment	25,253	72,410	97,000	22,054	66,736	89,802	+14.5%	+8.5%	+8.0%
Total sales	138,770	358,440	538,200	96,983	282,070	398,765	+43.1%	+27.1%	+35.0%
Operating profit	621	(10,295)	(15,000)	(4,952)	(15,060)	(21,801)	-	-	-
% of sales	0.4%	-2.9%	-2.8%	-5.1%	-5.3%	-5.5%	-	-	-
<b>Corporate and eliminations</b>									
External customers	-	-	-	-	-	-	-	-	-
Intersegment	(26,172)	(75,268)	(100,500)	(22,858)	(69,702)	(93,439)	-	-	-
Total sales	(26,172)	(75,268)	(100,500)	(22,858)	(69,702)	(93,439)	-	-	-
Operating profit	(32,312)	(81,193)	(103,900)	(24,454)	(74,722)	(101,368)	-	-	-
<b>Consolidated</b>									
External customers	925,782	2,757,633	3,820,000	872,208	2,667,316	3,727,252	+6.1%	+3.4%	+2.5%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	925,782	2,757,633	3,820,000	872,208	2,667,316	3,727,252	+6.1%	+3.4%	+2.5%
Operating profit	77,259	248,168	365,000	71,832	265,020	363,489	+7.6%	-6.4%	+0.4%
% of sales	8.3%	9.0%	9.6%	8.2%	9.9%	9.8%	-	-	-

(P)=Projection

**. OTHER INCOME / DEDUCTIONS**

	2015			2014			(Millions of yen)		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year	Change year over year		
							3rd quarter	YTD	Year
Interest and dividend, net	882	3,794	3,900	1,706	5,389	7,406	(824)	(1,595)	(3,506)
Forex gain (loss)	(5,614)	(21,140)	(24,600)	5,684	(1,971)	2,628	(11,298)	(19,169)	(27,228)
Equity earnings of affiliated companies	30	337	0	98	310	478	(68)	+27	(478)
Other, net	1,404	7,318	10,700	844	7,582	9,238	+560	(264)	+1,462
Total	(3,298)	(9,691)	(10,000)	8,332	11,310	19,750	(11,630)	(21,001)	(29,750)

(P)=Projection

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**4. BREAKDOWN OF PRODUCT SALES WITHIN BUSINESS UNIT**

	2015			2014		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year
<b>Office</b>						
Monochrome copiers	16%	15%	16%	16%	16%	16%
Color copiers	19%	20%	21%	19%	19%	19%
Printers	41%	42%	40%	42%	42%	42%
Others	24%	23%	23%	23%	23%	23%
<b>Imaging System</b>						
Cameras	62%	63%	62%	65%	65%	64%
Inkjet printers	28%	28%	29%	27%	27%	27%
Others	10%	9%	9%	8%	8%	9%
<b>Industry and Others</b>						
Lithography equipment	25%	22%	23%	25%	23%	23%
Others	75%	78%	77%	75%	77%	77%

(P)=Projection

**5. SALES GROWTH IN LOCAL CURRENCY (Year over year)**

	2015		
	3rd quarter	YTD	Year (P)
<b>Office</b>			
Japan	+2.5%	-1.0%	-
Overseas	-3.5%	-4.0%	-
Total	-2.4%	-3.5%	-3.3%
<b>Imaging System</b>			
Japan	+4.2%	-3.4%	-
Overseas	-13.1%	-12.5%	-
Total	-10.7%	-11.1%	-11.0%
<b>Industry and Others</b>			
Japan	+18.3%	+1.5%	-
Overseas	+70.8%	+54.5%	-
Total	+41.5%	+25.4%	+33.8%
<b>Total</b>			
Japan	+6.0%	-1.2%	+0.6%
Overseas	-2.5%	-4.0%	-3.1%
Americas	+2.3%	-2.0%	-1.7%
Europe	+2.0%	+0.2%	-0.1%
Asia and Oceania	-12.9%	-11.2%	-8.5%
Total	-1.0%	-3.4%	-2.4%

(P)=Projection

## 6. PROFITABILITY

	2015		2014	
	YTD	Year (P)	YTD	Year
ROE *1	6.9%	7.6%	8.6%	8.7%
ROA *2	4.6%	5.0%	5.9%	5.9%

\*1 Return on Equity ; Based on Net Income attributable to Canon Inc. and Total Canon Inc. Shareholders Equity (P)=Projection

\*2 Return on Assets ; Based on Net Income attributable to Canon Inc.

## 7. IMPACT OF FOREIGN EXCHANGE RATES

### (1) Exchange rates

	2015				2014			(Yen)
	3rd quarter	YTD	4th quarter (P)	Year (P)	3rd quarter	YTD	Year	
Yen/US\$	122.12	120.96	120.00	120.71	104.22	103.01	106.18	
Yen/Euro	135.93	134.74	135.00	134.82	137.78	139.53	140.62	(P)=Projection

### (2) Impact of foreign exchange rates on sales (Year over year)

(Billions of yen)

	2015		
	3rd quarter	YTD	Year (P)
US\$	+50.2	+155.5	+169.1
Euro	(3.6)	(25.0)	(41.1)
Other currencies	+5.8	+22.8	+20.1
Total	+52.4	+153.3	+148.1

(P)=Projection

### (3) Impact of foreign exchange rates per yen

(Billions of yen)

	2015	
	4th quarter (P)	
On sales		
US\$	3.6	
Euro	1.8	
On operating profit		
US\$	1.3	
Euro	0.8	

(P)=Projection

## 8. STATEMENTS OF CASH FLOWS

(Millions of yen)

	2015			2014		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year
	106,120	330,832	465,000	104,063	398,550	583,927

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Net cash provided by operating activities						
Net cash used in investing activities	(58,459)	(364,465)	(445,000)	(89,323)	(231,390)	(269,298)
Free cash flow	47,661	(33,633)	20,000	14,740	167,160	314,629
Net cash used in financing activities	(86,393)	(209,958)	(210,000)	(74,314)	(250,701)	(300,886)
Effect of exchange rate changes on cash and cash equivalents	(6,986)	(19,742)	(24,600)	22,216	1,958	41,928
Net change in cash and cash equivalents	(45,718)	(263,333)	(214,600)	(37,358)	(81,583)	55,671
Cash and cash equivalents at end of period	581,247	581,247	630,000	707,326	707,326	844,580
						(P)=Projection

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**9. R&D EXPENDITURE**

(Millions of yen)

	2015			2014		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year
Office	25,692	80,310	-	23,758	74,457	104,391
Imaging System	22,139	67,027	-	20,262	62,228	87,510
Industry and						
Others	16,245	46,614	-	6,402	19,145	26,516
Corporate and						
Eliminations	18,197	51,254	-	24,705	71,002	90,562
Total	82,273	245,205	325,000	75,127	226,832	308,979
% of sales	8.9%	8.9%	8.5%	8.6%	8.5%	8.3%

(P)=Projection

**10. INCREASE IN PP&E & DEPRECIATION AND AMORTIZATION**

(Millions of yen)

	2015			2014		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year
Increase in PP&E	44,295	148,326	195,000	42,277	127,294	182,343
Depreciation and amortization	69,498	201,475	270,000	66,574	190,089	263,480

(P)=Projection

**11.  
INVENTORIES****(1) Inventories**

(Millions of yen)

	2015		2014		Difference
	Sep.30	Dec.31	Sep.30	Dec.31	
Office	251,330	238,344	238,344	251,330	+12,986
Imaging System	195,578	168,802	168,802	195,578	+26,776
Industry and					
Others	148,163	121,021	121,021	148,163	+27,142
Total	595,071	528,167	528,167	595,071	+66,904

**( 2 )****Inventories/Sales\***

(Days)

	2015		2014		Difference
	Sep.30	Dec.31	Sep.30	Dec.31	
Office	44	42	42	44	2
Imaging System	56	43	43	56	+13
Industry and					
Others	124	132	132	124	(8)
Total	57	50	50	57	+7

\*Index based on the previous six months sales.

**12. DEBT  
RATIO**

	2015 Sep.30	2014 Dec.31	Difference
Total debt / Total assets	0.0%	0.0%	0.0%

**13. OVERSEAS PRODUCTION RATIO\***

	2015 YTD	2014 Year
Overseas production ratio	48%	45%

\*From the 2nd quarter of 2015, the method used to calculate the overseas production ratio has changed. The distinctions between domestic and overseas of parts supplied overseas from Japan as well as other adjustments have been made to more accurately reflect the underlying reality. Past figures have been adjusted to conform to the new method of calculation.

**14. NUMBER OF EMPLOYEES**

	2015 Sep.30	2014 Dec.31	Difference
Japan	68,753	69,201	(448)
Overseas	123,523	122,688	+835
Total	192,276	191,889	+387